


FAIRFAX COUNTY VIRGINIA	
PROCEDURAL MEMORANDUM No. 12-02	
To: Administrative Staff	Date: 7/17/2013
	Supersedes: Procedural Memorandum No. 12-02 dated October 19, 2007
	Reference: DPSM Procedural Memoranda: PM 12-03 dated June 12, 2002, PM12-04 dated Jan 3, 2007, PM 12-14 dated Jan 19, 2005, and PM 12-23 dated Sept. 1, 2010.
Initiated by: Department of Purchasing and Supply Management (DPSM)	Approved by County Executive: 
Subject: Use of the County Procurement Card	

PURPOSE

The purpose of the county's procurement card (p-card) program is to provide county agencies with an efficient and reliable way to make low dollar value purchases. The p-card may be used as an alternative to Purchase Orders, non-PO payments or petty cash. The p-card is also used as a payment tool for purchases made within the county's FOCUS marketplace. Under strict conditions and with special approval from the Department of Purchasing and Supply Management (DPSM), the p-card may also be used to make purchases in excess of the county's maximum single purchase limit, which is currently set at \$2500.

BACKGROUND

While the p-card can simplify and expedite procurement, its use requires strict adherence to internal control procedures and a commitment to accompanying accounting procedures. In most cases, p-card use reduces staff procurement efforts and shortens delivery time; however, it may increase financial tracking and control efforts and it may increase the reconciliation workload.

WHO MAY PARTICIPATE IN THE PROCUREMENT CARD PROGRAM

Unless otherwise specified, the DPSM Director delegates authority to use the p-card process to all county agencies. An agency that wishes to establish a p-card program may do so by following the steps outlined in the *Agency Checklist for Establishing a Procurement Card Program* (Attachment "A" to this Memorandum).

The DPSM Director may terminate or suspend an agency's p-card program temporarily or permanently based upon noncompliance with purchasing policies and procedures. The DPSM Program Administrator is authorized to suspend or close p-cards.

ROLES

Program Administrator ("DPSM Administrator")

The DPSM Administrator manages the p-card program at the county level and is responsible for establishing and enforcing countywide p-card related policy and procedures. A Department of Purchasing and Supply Management (DPSM) staff member will serve as Administrator.

Agency Program Manager ("Program Manager")

Designated by the using agency director, the Program Manager is responsible for all aspects of the agency's p-card program. While separation of duties prohibits the Program Manager from actually performing all tasks involved in managing agency p-card activity, he or she remains responsible for overall management of the p-card program.

P-Card Custodian

The P-Card Custodian is the cardholder and is the person responsible for the physical security of the p-card. In most cases, the p-card custodian also monitors p-card activity through the use of a p-card activity log, and ensures that vendor receipts, invoices, and delivery documentation are retained for each purchase, in accordance with established policies and procedures.

OVERVIEW OF THE P-CARD PURCHASE AND PAYMENT PROCESS

Establishing a P-Card Account

Agencies request p-cards by submitting an application to the DPSM Administrator. At a minimum, the application must indicate the p-card spending limits requested and the cost assignment (ie: FOCUS fund code, cost center, and general ledger accounts) where the p-card transactions will post. If p-card expenditures will affect more than one general ledger account, the agency should assign clearing account general ledger 544540 to the p-card. Other cost assignment criteria may be identified, as applicable. Agencies are required to select a combination of cost assignments that are valid, active, and have sufficient funding budgeted in FOCUS.

Obtaining P-Cards from the Bank

The DPSM Administrator reviews the application and forwards it to the bank for processing. The bank establishes a new account and forwards the new p-card to the Administrator. The Administrator distributes the p-card to the Program Manager or designee and then activates the new account.

P-Card Use

The agency uses the p-card in accordance with this procedural memorandum and the agency's own internal control procedures. The agency is required to keep a concurrent log of p-card transactions, including purchases and credits.

Billing and Payment Process

Each week, the DPSM Administrator obtains an electronic billing file from the bank. The file contains all transactions posted to the bank for the prior week. The Administrator processes the file into a FOCUS readable format that is uploaded into FOCUS through a batch process. Each transaction (purchase or credit) posts to the FOCUS cost assignment numbers associated with the p-card. The Department of Finance (DOF) pays the county bill based on the total amount on the electronic billing file, unless otherwise directed by the DPSM Administrator.

The agency is responsible for pursuing credit adjustments for any items that are incorrectly billed. The agency should first request an adjustment from the vendor. If that is unsuccessful, the agency should file an on-line dispute with the bank within 60 days of the posting date. Credit adjustments will appear in subsequent billing cycles. Further details on this process are provided on the DPSM FairfaxNet page. The agency Program Manager may contact the DPSM Administrator if assistance is required.

Review and Reconciliation

Each week, the agency is required to prepare a p-card transaction detail report using the p-card software. The agency reconciles this report with actual purchase documentation to determine that all charges are valid. The agency works with the vendor and/or the bank to resolve any discrepancies. Agencies are required to reconcile to FOCUS on a monthly basis, at minimum, although DPSM encourages weekly reconciliation. If monthly reconciliation is performed, the p-card transaction reports must still be reviewed for inconsistencies on a weekly basis. See page 13, "Reconciliation" for further details.

Clearing Account

If transactions post to a clearing account (general ledger 544540), the agency is required to clear all charges and credits to the proper expenditure account within one month.

USES

Subject to the limitations discussed in this memorandum, the p-card may be used for the following:

- Travel expenses – This includes services such as airfare, lodging, car rental, taxis, etc. See Procedural Memorandum 06-03 Travel Policies & Procedures for additional information.
- Non-contract goods and services - Purchase of low dollar value goods and services, except for those goods and services that are restricted by this procedure (see Page 4 and 5.)

- County contracts - Provided the contractual agreement between the county and the vendor allows it, county agencies may use the p-card to order from county contracts. Because p-card ordering will not provide the vendor with a written purchase order, the p-card user must be certain that he or she obtains the contract price when placing the order.
- Telephone and Internet Ordering - The p-card may be used to order goods and services via telephone or the Internet. This includes electronic ordering from county contracts that utilize this process.
- Capital Items (Accountable Equipment) – Subject to their p-card limits, agencies may use a p-card to purchase items defined as accountable equipment if the equipment is included in the agency's approved budget. It is permissible to use eVA for the solicitation and purchase. Upon receipt of accountable equipment, the agency must report the items to DPSM using an Inventory Management Report (IMR01.) See Procedural Memorandum 12-03, Accountability of Fairfax County Accountable Equipment for additional information.
- Non-PO Items – Certain types of purchases, such as capital construction and professional services, made through a competitive procurement process do not require a purchase order. In instances where a vendor will accept payment with a p-card, the county p-card is an acceptable form of payment. See DOF Accounting Technical Bulletin (ATB) 60030 Non-PO Payments for a complete listing of approved categories of Non-PO items.

Procurement cards may **NOT** be used for the following:

- Cash Advances – For example, a withdrawal from a financial institution.
- Personal Purchases - of any kind. For example, if viewing an in-room movie while on travel status, the traveler may not use the county p-card to pay the movie charge, even if traveler later reimburses the county.
- Purchases by Non-Employees - Only county employees (on the county payroll) are authorized to make p-card purchases.
- Technical Review Items - Further information on technical review may be found in Procedural Memorandum 12-04, Technical Review of Purchase Requisitions. Exception: Agencies may use their eVA p-card to purchase technical review items through eVA. The agency must first obtain written approval for the purchase from the appropriate technical reviewer. Email will serve as adequate documentation of this approval. Further details on purchasing in eVA are provided in Procedural Memorandum 12-23, On-Line Procurement Using eVA. Items that require technical

review and are ordered in the FOCUS marketplace will be paid for with a FOCUS p-card.

- Services Provided by Independent Contractors (1099 reportable vendors) – These services are subject to Technical Review by the Department of Human Resources.
- Inventory Items - Stocked items that are replenished through the FOCUS Inventory Management (IM) process.
- Split Purchases - A split purchase is one in which the original purchase requirement for the same or related goods or services is broken into multiple smaller purchases which are made over a short period of time. In most cases, a split purchase is created to circumvent a p-card's single purchase or cycle spending limit. In some cases a split purchase is made to circumvent the county's monetary thresholds for the competitive bidding process. Requirements which are divided for other purposes, such as to accommodate accounting needs or to facilitate delivery to separate locations are also considered split purchases. DPSM can provide guidance to the agency on the subject of split purchases.
- Restricted Merchant Category (MCC) Group – P-Cards have some restrictions built into them to lower the risk that the p-card will be used to make improper purchases. (See Attachment "D" for a list of categories that are restricted.)
- Other - Purchases prohibited by county policy.

CARD LIMITS

Based on anticipated use, total number of p-cards, budget constraints, and any other relevant factors, the agency must set limits, as discussed below, for each p-card requested. Limits may be set at different levels for each individual p-card.

Generally, county policy restricts the single purchase limit to a maximum of \$2,500. Policy does not establish maximums for other limits, as discussed below. However, all limits must be supported by the p-card's business requirements. P-card limits provide an important safeguard against fraud and misuse. It is important that p-card limits be set as close as possible to anticipated use. DPSM will work with the agency to determine appropriate limits.

Single Purchase Limit (SPL) - The amount spent on a single purchase, or transaction, from a single vendor. The maximum single transaction limit is \$2,500 for general purchases. Agencies may set their p-cards' SPL *lower* than this limit, if appropriate. Should an agency have an urgent requirement that exceeds \$2500, the agency can request that the SPL be temporarily raised. However, the agency must provide written quotes in compliance with the county's competitive thresholds and the request is subject to approval by DPSM.

Exceptions:

- **Special Use P-Cards** - If there is a business need for a p-card with a higher single purchase limit, the agency may request a special use p-card. The request must be made by the agency director in writing to the Director, DPSM. The request should detail the business need for higher limits and the dollar limit and number of p-cards desired. Use of these p-cards is limited to the business purpose and parameters as approved by the Director, DPSM. The agency shall maintain a copy of their memo requesting the special use p-card as well as a copy of the approval memo from the Director, DPSM.
- **eVA P-Cards** – P-cards that are used by the agency as a payment tool in eVA, the Commonwealth of Virginia's electronic procurement portal, may have a single purchase limit up to \$50,000. Because of this high limit, these p-cards will also have additional safeguards, including issuance in an individual's name (see discussion below on "Individual Named P-cards"), limited account number access, and eVA user security.
- **FOCUS P-Cards** – FOCUS p-cards are used as a payment tool for FOCUS marketplace purchase orders (POs). Each FOCUS marketplace shopper has a p-card number that is associated with his or her user profile. It is a type of ghost card whose number is not visible to the agency or the FOCUS user. Most FOCUS p-cards have very high limits to facilitate purchases that are made in the marketplace. The agency P-card Program Manager or designee is required to monitor activity by using the bank's on-line reporting tool. The agency should generate FOCUS p-card transaction reports on a weekly basis.

Cycle Spending Limit (CSL) - The maximum dollar limit of total purchases allowed for the month. This limit should be set at an amount slightly above anticipated monthly spending.

Authorizations per Day - The maximum number of purchases allowed in one day. Like the CSL above, this number should be just higher than the maximum number of purchases anticipated in one day.

Transactions per Cycle - The maximum number of purchases allowed in a month. This figure should be slightly greater than the maximum number of purchases anticipated on a monthly basis.

Merchant Category Code Group (MCC Group) - In an effort to ensure that p-cards cannot be used to make improper purchases, DPSM has blocked purchases from certain categories of vendors. See Attachment "D" for a list of these vendor categories. Attempts to make purchases from those vendors will result in an "unauthorized purchase" or "declined" message.

There are four main categories of MCC group schemes designed for county use:

- FC1 - This group excludes purchases from vendor groups listed on Attachment "D". Purchases up to a maximum of \$2,500 may be made from all other authorized vendors, including some travel vendors. This MCC group is the county standard purchasing card group.
- FC6 - This group is the same as FC1 above, except that purchases for airfare in MCC categories 3000 to 3299 are allowed, up to \$2,500.
- Custom Groups - If supported by a business need, DPSM will work with the agency Program Manager to develop a custom MCC group. Many of the special use p-cards with high single purchase limits are set up with custom MCC groups in order to mitigate risk.
- FOCUSCTY - This group is specific to FOCUS p-cards and restricts many of the same MCCs as FC1.

THE PROGRAM MANAGER

Primary Program Manager - The agency director shall identify a Program Manager who will be responsible for all aspects of the p-card program within the agency. The Program Manager is the DPSM Administrator's point-of-contact for the agency. All requests for p-card information or p-card changes must come through the agency Program Manager or an individual specifically identified by the Program Manager.

Alternate Program Manager - If staff size permits, DPSM recommends that the agency assign an Alternate Program Manager. This allows continued management of the program in the Program Manager's temporary absence. The primary Program Manager must ensure that the alternate program manager is trained the fullest extent possible so that he or she can assume the duties of the primary Program Manager when he or she is unavailable.

Replacement of Program Manager - If the primary Program Manager will no longer perform as such, he or she shall notify the DPSM Administrator. The notification should include the name of the new Program Manager. If a new manager is not immediately available, the notification should identify a temporary Program Manager. In order to participate in the p-card program, the agency must have an active Program Manager at all times.

AGENCY INTERNAL CONTROL PROCEDURES (ICP)

Each using agency must establish and adhere to its own internal control procedures (ICP) that govern p-card security, use, and accounting. Development of internal control procedures is delegated to the agency because procedures may vary significantly from

agency to agency, based on each agency's organization and procurement needs. The agency must submit their ICP to the DPSM Program Administrator for approval.

Description of duties - Procedures must describe the assignment of p-card related responsibilities and the flow of p-card related documentation specific to the agency. Procedures for obtaining, safeguarding and returning p-cards should also be addressed. Procedures should identify staff members by position title rather than by name. This will minimize necessary revisions to procedures if staff members change.

Separation of duties - Procedures must include an appropriate separation of duties. The p-card custodian function and the reconciliation function may not be performed by the same staff member. When these functions cannot be separated, a substantive supervisory review of transaction activities is required as a compensating control. The reviewer must sign and date the reviewed document.

Management review - Although not required if an adequate separation of duties is otherwise established, DPSM recommends that management staff periodically review p-card activity to assure activity is in conformance with policy and procedures. The reviewer should sign and date the document reviewed.

Revisions - The agency's ICP should be revised periodically to reflect any program changes. Agencies should submit their revised ICPs to the DPSM Administrator for approval prior to distributing the revised ICP within their agencies.

P-CARD PROGRAM TRAINING

Program Manager Training - All primary Program Managers are required to attend Program Manager "one-on-one" training, which is provided by DPSM staff. The training includes a detailed discussion of the procedures necessary to obtain, use, and properly account for agency p-cards. If requested by the agency, DPSM will also provide training to alternate program managers and other agency personnel involved in the p-card program.

P-Card User Training - Agencies must ensure that all new p-card users who make purchases and those who have p-card program duties complete the on-line Procurement Card User Training located on DPSM's DPSM FairfaxNet page listed under "The Procurement Card Program." The student shall then take the certification test and submit it to the Program Manager or his designee for grading. The agency shall review any missed questions with the student. The student must pass the test prior to using the p-card for the first time. The completed test shall be filed with the Employee Acknowledgement Disclosure (EAD) form. A p-card user who signed an EAD form and became a p-card user prior to the implementation of the on-line p-card training is exempt from training; however, DPSM highly recommends it.

Special Note: A county employee who shops in the FOCUS marketplace with a FOCUS p-card, but otherwise never uses a p-card or has p-card program duties, is not required to take the online p-card training.

The agency should also provide training to p-card users in regard to their internal processes and provide an overview of important subjects such as:

- Agency procedures for making a p-card purchase, including required approvals and receipt handling
- Agency contact information for p-card problems or questions
- Policy regarding Virginia sales tax exemption for most purchases
- Procedures to report a lost or stolen p-card

P-CARD CHARACTERISTICS

P-Card Imprint - All p-cards are imprinted with the Fairfax County seal and the Virginia state sales tax "exemption number."

P-Card Name (Line 1) – P-card names are assigned by the using agency. P-card names may be either department p-cards or individual "named" p-cards. Agencies are advised to consider the way the p-card will be used when determining which type of p-card best suits their needs. Agencies may have a combination of department and individual p-cards in their program.

- Department P-Cards - Most county p-cards are currently department p-cards. The name of a work group or functional area is embossed on the p-card – for example, "Administration" or "Lab Supplies." Each p-card must have a unique name. If an agency has more than one p-card with the same function, p-card names may include a number – such as "Travel 1," "Travel 2," etc.

Use of department p-cards reduces administrative effort, in that it is not necessary to obtain new p-cards or cancel old p-cards when employees turn over. They are easy to share within a work group, reducing the quantity of p-cards required.

Because the p-card number is shared, department p-cards do not provide the same level of security as individual named p-cards. In addition, the bank does not offer the same level of dispute or fraud protection as it does for named p-cards. In most cases, the bank will not reimburse the agency for charges made fraudulently when the p-card is issued in a department name. Department p-cards are considered appropriate when the SPL is \$2500 or less and when the p-card will be shared by several staff members within a work group.

- Individual Named P-Cards - Agencies may also request cards with an individual's name instead of a department or work group name. DPSM encourages agencies to use a named p-card when it will be used primarily by one staff member.

Individual named p-cards may require a higher level of administrative effort than department p-cards. Agencies must have a method to collect an individual's p-card when he or she leaves the agency or is no longer a p-card user. Although individual p-cards may be shared when placing telephone or internet orders, they may be more difficult to share when making over-the-counter purchases.

Individual p-cards offer a higher level of security than department p-cards because policy requires cancellation of the p-card when the cardholder leaves. In addition, the bank offers a higher level of dispute and fraud coverage for individual p-cards because the individual can attest to the fact that the card was secure and that he or she did not make a charge that was deemed to be fraudulent. DPSM requires that a p-card with a SPL in excess of \$2500, such as an eVA or a special use p-card, be issued in an individual's name.

P-Card Name (Line 2) - The agency name, abbreviated to not more than six letters, is embossed on the second line of the card. All of the agency's p-cards must use the same abbreviation.

Signature on P-Card - Although the card has a space for a signature on the back, department p-cards should NOT be signed with a person's name. A signed p-card will make it difficult for anyone other than the signer to use the p-card. As an added security measure for department p-cards, agencies may write "NOT VALID WITHOUT COUNTY ID" on the signature line to encourage the vendor to request ID prior to processing a purchase. Individual named p-cards should be signed by the individual whose name appears on the p-card.

P-card users should present their county ID when making a purchase in person.

P-Card Security – Except for p-cards in personal possession, p-cards should be kept in a locked location while not in use. Access to the location should be limited to those individuals who require access to the p-card. An individual who has possession of a p-card should exercise reasonable care when carrying the card.

P-Card Custodian - The agency must identify a custodian for each p-card. The custodian is responsible for the p-card's physical security. The custodian may be responsible for multiple p-cards, as approved by the agency p-card program manager.

If operational requirements necessitate more than one custodian for a p-card, policy recommends that the agency establish a method for tracking card responsibility, such as a chain-of-custody arrangement where one custodian remains responsible for the p-card until relieved by another custodian.

List of Agency P-Cards - The Program Manager must maintain a list of all agency p-cards that includes, at a minimum:

- The last eight digits of the p-card number (see exception below)
- P-card name
- P-card limits
- P-card custodian and location

Program Managers are reminded to safeguard this list, whether it is in electronic or hard copy format, because it contains sensitive information regarding agency p-cards. FOCUS p-cards are not stored at the agency; therefore, the agency will not know the full p-card number. The agency should list the last four digits of each FOCUS p-card, as denoted in the bank's on-line reporting tool.

OTHER PROGRAM REQUIREMENTS

Adequate Funding - Because p-card purchases do not follow the traditional encumbrance process, agencies must devise a method to assure that adequate funds are available before each purchase is made. Exception: FOCUS marketplace POs do encumber funds at the time the PO is approved within FOCUS.

Transaction Log - A system that tracks possession of the p-cards and records p-card purchases as they occur must be in place. Agencies may use a manual or electronic log to record both debit and credit transactions. Entries must be contemporaneous so that they provide up-to-date information on funds expended and should identify the p-card user. Attachment "E" is an example of a template that may be used for signing out the p-card and for recording the details of each purchase. Agencies may develop their own template(s), ensuring that it contains all of the elements shown on Attachment "E."

Staff who place FOCUS marketplace POs may use PO documentation or a log as a tool to track spending so as to ensure that the p-card has sufficient credit availability for the billing cycle. Because FOCUS p-cards do not get signed out, tracking possession of the card is not a requirement.

Sales Tax Exemption - Most county purchases are exempt from Virginia state sales tax. When making a p-card purchase, users should remind the vendor of our tax exempt status and examine the receipt to verify sales tax was not charged. The county's "exempt number" is printed on the face of each p-card. By state statute, the county is not exempt from sales tax for meals, catered events, lodging, or other accommodations. The county may not be exempt from sales tax imposed by other states on goods and services purchased outside of Virginia.

Employee Acknowledgement Disclosure Form - All first time p-card users must sign an Employee Acknowledgement Disclosure Form (See Attachment "B") after taking the on-line Procurement Card User Training located on the DPSM FairfaxNet page and passing the certification test. The completed test should then be attached to the EAD form. The form acknowledges the employee's responsibilities regarding p-card use and sets forth consequences for p-card misuse. The Program Manager shall maintain the signed forms at least two years following the employee's departure from the agency.

Special Note: A county employee who shops in the FOCUS marketplace with a FOCUS p-card, but otherwise does not use a p-card or have p-card duties, is not required to sign the EAD form or take the on-line training.

Using Agency Director's Statement of Responsibility - This statement acknowledges the director's responsibility for the agency's proper use of the p-card. The agency director is required to sign this form (See Attachment "C") prior to the agency's initial participation in the p-card program. When the director leaves the agency, the Program Manager should have the new director sign the form and forward the original to DPSM.

Receipts - Using agencies shall retain an ORIGINAL, ITEMIZED vendor receipt, invoice or credit slip for each transaction. Receipts should show all details pertinent to the transaction, including date of purchase, vendor name and location, item(s) purchased with corresponding description(s) and price(s), and total amount paid. The business purpose of the goods or services should be clearly documented if it is not readily apparent (ie: food purchases, personal electronics, etc.) All receipt documentation should be filed with the appropriate bank record (monthly statement or weekly transaction detail report) and retained for review.

- Alternate Receipt - If an original vendor receipt is unavailable, the agency may use an alternate receipt, such as an Internet screen print or a faxed receipt, or order confirmation. The receipt should contain the same level of detail required for an original receipt.
- Photocopied Receipt - If a photocopied receipt is retained instead of an original, the record should provide a short explanation as to why the original receipt was unavailable.
- Missing Receipts - If, for any reason, an original, alternate, or photocopied receipt is unavailable, a memorandum providing the purchase details and reason why a receipt is not available must be included with the appropriate monthly statement or weekly transaction detail report.
- Signature - Both photocopied receipts and documentation in lieu of missing receipts must be signed and dated by the Program Manager or designee. If the purchase was made by the Program Manager or designee, another staff member must sign and date the receipt to maintain an adequate separation of duties.

Document Retention - The agency must retain program documentation for a minimum of three years in accordance with VA Public Records Act.

P-Card Management Software - The bank provides p-card management software, an on-line reporting tool that enables Program Managers to create a variety of program related reports, including the weekly transaction detail report discussed below. DPSM will coordinate software access and training with agency Program Managers.

Weekly Transaction Detail Report - Each week the agency is required to prepare p-card transaction detail reports showing all transactions from the prior week for both general use p-cards and FOCUS marketplace p-cards. The agency must review the reports in a timely manner, as prompt review is vital to detection of erroneous or fraudulent charges.

Reconciliation - P-card reconciliation is the process of verifying the accuracy of all posted p-card transactions (charges and credits). The agency must perform two reconciliations:

- Reconciliation to Bank Records – On a weekly basis (at minimum) the agency is required to use the bank's transaction detail reports to reconcile charges for both general use p-card transactions and FOCUS p-card transactions. The agency should review the reports, looking for any abnormalities. Any charges that are not recognized or appear to be fraudulent should be addressed immediately. In addition, some agencies optionally receive monthly billing bank statements by mail. Monthly billing statements should be filed with the monthly reconciliation package.
 - For general use p-cards, the agency must reconcile the bank's report to the purchase log, original receipts, and any other pertinent documentation to verify that all charges are proper and that the correct amounts have been charged.
 - For FOCUS p-cards, the agency must reconcile the bank's report to FOCUS marketplace PO documentation, including packing lists or other receipt documentation to verify that all charges are proper and that the correct amounts have been charged.
- Reconciliation to FOCUS - Each agency shall ensure that all p-card transactions are properly posted in FOCUS on a monthly basis (at minimum.) The agency can use the bank's transaction details reports, logs, receipts, and FOCUS marketplace PO documentation as reconciliation tools.
 - Each general use p-card transaction will post to FOCUS as one entry for the total amount of the order (debit or credit.) The agency must verify that each order is posted in FOCUS. If the general use p-card transactions post to a clearing account (ie: GL 544540 Credit Card Expense), the agency must move those charges (debits and credits) to the appropriate expenditure account monthly (at minimum.)
 - Each FOCUS marketplace PO line item generates an electronic invoice and receiving report at the time that the bank's billing file is uploaded to FOCUS. DPSM permits the agencies to reconcile these charges in two different ways. Agencies with a small volume of orders may wish to reconcile each PO line in FOCUS. Agencies with a large volume of orders may wish to reconcile by exception, in which case they can use open PO reports to identify lines that may have not posted properly. For assistance with

marketplace PO lines that may have not posted properly, contact DPSM. Most FOCUS transactions post directly to the account assignment that is identified at the time that the marketplace PO is entered and therefore do not need to be moved from a clearing account.

- Reconciler's Signature and Date – Following review, the reconciler(s) is required to sign and date all reconciliation documentation, including, but not limited to: the bank's transaction detail reports, monthly bank statements if applicable, journal entry workbooks, etc. to verify that the reconciliation was performed in a timely manner and to establish that an adequate separation of duties exists.
- Card Use by Reconciler - Policy discourages the reconciler from being a p-card user; however, if the reconciler uses the p-card, the reconciliation must be reviewed by another staff member. The reviewer must sign and date the reconciliation.

Problem Resolution - The Program Manager should first attempt to resolve disputes directly with the vendor. If unable to resolve the issue with the vendor within a reasonable time period, contact the DPSM Administrator for assistance. Any adjustment to billing (ie: credits) will be made on subsequent statements.

Dispute Procedures - Dispute procedures are defined by the county's p-card contract with the bank. The contract requires that disputed charges be reported to the bank within 60 days of the p-card posting date. Disputed charges must be filed using the bank's on-line reporting software. Although items identified outside the 60-day period may still be disputed, the county's legal standing in the matter is decreased. Dispute rights for department p-cards are significantly limited.

P-Card Cancellation - If an agency wishes to cancel a p-card (ie: no longer required or p-card user leaves the agency), the Program Manager should submit a request to the DPSM Administrator. The Program Manager must destroy any cancelled p-card(s). If there is an urgent need to cancel a p-card, contact the DPSM Administrator for immediate assistance or call the bank to place a temporary hold on the p-card. .

P-Card Changes - If the agency wishes to change any aspect of a p-card, such as address, default account assignment, and p-card limits, the Program Manager should submit the requested changes to the DPSM Administrator via email. The DPSM Administrator will review and approve the changes and notify the agency when the changes are in place.

DPSM FairfaxNet page - Information regarding most aspects of the county's p-card program is available on the DPSM FairfaxNet page under "The Procurement Card Program."

LOST OR STOLEN P CARDS

Lost or Stolen P-Cards - Report a lost or stolen p-card to the bank immediately. The bank provides a 24-hour toll-free telephone number for this purpose. The number is included on the paperwork that accompanies each new p-card. The agency Program Manager must also notify the DPSM Administrator immediately. All agency p-card users should be aware of the procedure for reporting a lost or stolen card, including how to proceed if the agency Program Manager is not available at the time the loss is discovered.

Reissue of a Lost or Stolen P-Card - To request replacement of a lost or stolen p-card, forward a memo from the agency director to the Director, DPSM. The memo should describe the circumstances surrounding the p-card loss and the steps taken to ensure against future losses. In instances where it is clear that a p-card number was stolen as a result of internet hacking and fraud, and if the attempted charges do not post to the p-card account, the DPSM Administrator may permit the agency Program Manager to forward an email (in lieu of a memo) to the DPSM administrator, as long as the agency director is copied. The DPSM Administrator will review the email and forward it to the Director, DPSM. The Director, DPSM, will evaluate each incident on an individual basis to determine whether or not to issue a replacement card.

FRAUD AND MISUSE

Deterrence - The agency is responsible to actively protect each of its p-cards from fraud and misuse. Prevention efforts may be further enhanced when these controls are followed:

- Limit P-Card Access - Maintain p-cards in a locked environment when not in use. Limit access to this environment to provide greater security for the p-card. Consider p-card security prior to allowing an employee access to a p-card or p-card number, particularly if the employee is temporary or seasonal.
- Protect P-Card Information - In addition to protecting the p-card, protect all p-card information such as the p-card account number, name, and expiration date. File reports that contain p-card numbers in locked file cabinets. When discarding reports or other paperwork containing p-card information, shred documents. Assure security of p-card documentation that is maintained electronically.
- Establish reasonable p-card limits - Establish reasonable spending and transaction limits. This will limit risk in the event the p-card or p-card number is lost or stolen.
- Perform Weekly Reviews - Performing weekly reviews of all p-card activity will reveal transactions that do not belong to the agency, or that might be of a fraudulent nature.

- Maintain an Adequate Separation of Duties - Divide the p-card custodian and the accounting/reconciliation duties among employees. Conduct upper management review of weekly transaction detail reports and supporting receipts and associated documentation.

Occurrence of Fraud or Misuse - If fraud or misuse is suspected or confirmed, the Program Manager or designee shall take the following steps.

- If it appears that an unauthorized charge (or attempted charge) has been made, the agency should contact the bank immediately and place the p-card on temporary hold, then contact the DSPM Administrator to request that the p-card be closed permanently.
- If there is a suspicion of fraud or misuse by a county employee, the agency should contact the Internal Audit Office for assistance. Depending on the circumstances, the agency may want to mitigate risk by either placing the p-card on temporary hold or requesting that the p-card be closed permanently. Should a county employee make fraudulent charges or misuse the p-card, the county will seek reimbursement from the employee.
- If the fraudulent incident occurred in Fairfax County or if the fraudulent charge was made by a Fairfax County employee, the matter is considered a violation of law and the agency is required to file a police report with the Fairfax County Police Department (FCPD), Financial Crimes Division so that it can be investigated as a criminal matter. The case number must be submitted to DSPM before a replacement p-card will be released to the agency. If the fraud occurred outside of the county (ie: internet hacking or counterfeit p-card), the agency may optionally file a police report with FCPD; however, depending on the circumstances, FCPD may not be able to investigate a crime that occurred outside of the county's jurisdiction.
- If a fraudulent charge posts to the p-card account, the agency shall make every effort to obtain a credit from the vendor or if that is unsuccessful, then the agency should attempt to obtain credit from the bank. The county is much more likely to receive reimbursement from the bank when the p-card is issued in an individual's name, as long as the individual completes the bank's affidavit and returns it to the bank within the timeframe specified by the bank. For department named p-cards, the bank is not required to reimburse the county for fraudulent charges. If the agency ultimately suffers a loss on a department named card, the agency must report this loss immediately to the Department of Finance, Risk Management Division for further claims reporting and processing under the requirements of the county's insurance program.

COMPLIANCE REVIEWS

The p-card program is subject to review by DPSM, the Department of Finance, and the county's external auditors. In addition, business process audits will be conducted on a cyclical basis by the Internal Audit Office.

Agency Checklist for Establishing a Procurement Card Program

The following checklist sets forth the steps necessary to establish a p- card program within the agency. The agency shall first determine if they have the resources to comply with policy and procedures required for p-card use. Each step in the checklist is chronologically ordered.

Step No.	Responsibility	Step	Estimated Time Frame
1	Using Agency	Agency Director forwards the following to DPSM a) Request to participate in program b) Name and phone number of Program Manager, and c) Executed Director's Statement of Responsibility (Attachment C).	Variable
2	DPSM	Provide training session for agency Program Manager. Provide p-card application.	1 – 2 weeks
3	Using Agency	Complete p-card applications. Work with DPSM to establish appropriate limits for each p-card. Forward completed applications to DPSM for submission to bank. Draft internal control procedures and submit to DPSM for review and approval.	Variable
4	Bank	Issue p-card(s) to DPSM	2 weeks
5	DPSM	Review agency internal control procedures. Upon approval, notify agency of approval and availability of p-card(s).	2 weeks*
6	Using Agency	Train p-card users on conformance with this Procedural Memorandum and the agency's ICP. Ensure that all users complete the on-line p-card user training and file the test with the EAD form. Use the p-card in accordance with the policy and procedures.	Variable
7	Using Agency	Create weekly transaction report using p-card software. Review report for suspicious charges.	Weekly
8	DPSM	Download and process county's weekly billing reports for posting to FOCUS. Prepare payment request documentation for Dept. of Finance.	Weekly
9	Dept of Finance (DOF)	Pay bank via wire transfers based on amounts provided by weekly billing report and FOCUS.	Weekly
10	Using Agency	a) On a weekly basis, reconcile individual purchase receipts and credits to weekly transaction reports in order to spot possible unauthorized purchases. b) On a monthly basis (minimum), reconcile amounts posted to FOCUS to bank records. Distribute clearing account to appropriate expenditure accounts.	As Indicated
11	DPSM/DOF Internal Audit	Conduct compliance reviews to assure that p-cards are being used in accordance with policies and procedures.	Periodic

*Two weeks are generally concurrent with two-week period shown in #4. While bank is processing card applications, DPSM reviews agency internal control procedures.

EMPLOYEE ACKNOWLEDGEMENT DISCLOSURE FORM

County of Fairfax

[Agency Name]

By signing below, I _____
(employee's name), agree to the following regarding participation in the County's procurement card program.

1. I have read and familiarized myself with the County's Procedural Memorandum 12-02, *Use of the County Procurement Card*, and my agency's Procurement Card Internal Control Procedures. I agree to comply with the guidelines set forth in those procedures.
2. I have taken the on-line Procurement Card User Training and have passed the certification test. (Attach exam to this EAD form.)
3. I agree to return the p-card to the agency Program Manager or his/her designee upon my departure from the agency, or upon the manager's request.
4. If the p-card is lost or stolen, I will immediately notify JPMorgan Chase Bank at **1-800-316-6056**.
5. I understand that misuse of the p-card may result in disciplinary action, including termination of employment and possible criminal prosecution.

Employee's Name (Printed)

Employee's Signature

Date

Employee's Telephone Number and Work Location

Supervisor's Signature

Date

Program Manager's Signature

Date

USING AGENCY DIRECTOR'S STATEMENT OF RESPONSIBILITY

I acknowledge responsibility for my Agency's proper use of the County's Procurement Cards and will assure that my Agency follows all policies and procedures regarding p-card use, security, and accounting.

Director's Name (Typed or Printed)

Signature

Date

Agency Name

When completed, please forward this form to the Procurement Card Program Administrator in the Department of Purchasing and Supply Management (DPSM).

Fairfax County P-card Merchant Category Code (MCC) Restrictions
MCC Groups (MCCG)
Updated 4/24/2013

MCCG Name	MCC #	MCC Description	Include	Exclude	Single Trans Max. \$Limitation*
FC1	3000-3299	All Airlines		X	0
	4829	Wire Transfer, Money Orders		X	0
	5309	Duty Free Stores		X	0
	5681	Furriers and Fur Shops		X	0
	5698	Wig and Toupee Shops		X	0
	5813	Bars, Cocktail Lounges, Taverns - Drinking Places		X	0
	5921	Package Stores		X	0
	5933	Pawn Shops		X	0
	5972	Stamp and Coin Shops		X	0
	6000-6999	Financial and Related Institutions		X	0
	7230	Beauty Salons		X	0
	7273	Dating and Escort Services		X	0
	7297	Massage Parlors		X	0
	7298	Health and Beauty Spas		X	0
	7932	Billiard / Pool Establishments		X	0
	7995	Betting (Lottery, Off-Track, Race Track, etc.)		X	0
	9223	Bail and Bond Payment		X	0
		All other MCCs	X		\$ 2,500.00 *
					\$50,000.00**
FC6	4829	Wire Transfer, Money Orders		X	0
(Airlines Allowed)	5309	Duty Free Stores		X	0
	5681	Furriers and Fur Shops		X	0
	5698	Wig and Toupee Shops		X	0
	5813	Bars, Cocktail Lounges, Taverns - Drinking Places		X	0
	5921	Package Stores		X	0
	5933	Pawn Shops		X	0
	5972	Stamp and Coin Shops		X	0
	6000-6999	Financial and Related Institutions		X	0
	7230	Beauty Salons		X	0
	7273	Dating and Escort Services		X	0
	7297	Massage Parlors		X	0
	7298	Health and Beauty Spas		X	0
	7932	Billiard / Pool Establishments		X	0
	7995	Betting (Lottery, Off-Track, Race Track, etc.)		X	0
	9223	Bail and Bond Payment		X	0
		All other MCCs	X		\$ 2,500.00 *

* Maximum single transaction limitation. This figure may be set *lower* by agency request.

** eVA p-cards may be set at a maximum SPL of \$50,000.00

Note: FC1 and FC6 MCC Groups are the standard groups for p-cards. Special use cards generally have a Custom named group with restrictions that are specific to the p-card itself. When appropriate, DPSM will work with the agency to set up a special MCCG.

Fairfax County P-card Merchant category Codes (MCC)
 FOCUS Marketplace P-card Purchase Restrictions (Exclude) Company #15678
 4/14/2011

MCCG Name	Custom/ Standard	MCC #	MCC Description	Include	Exclude	Single Trans \$Limitation*
FOCUSCTY	Custom	3000-3299	All Airlines (restricted in 2011)		X	0
		4829	WireTransfer, Money Orders		X	0
		5309	Duty Free Stores		X	0
		5681	Furriers and Fur Shops		X	0
		5698	Wig and Toupee Shops		X	0
		5813	Bars, Cocktail Lounges, Taverns - Drinking Places		X	0
		5921	Package Stores		X	0
		5933	Pawn Shops		X	0
		5944	Jewelry Stores, Watches, Clocks & Silversmiths		X	0
		5966	Outbound Telemarketing Merchants		X	0
		5972	Stamp and Coin Shops		X	0
		6000-6999	Financial and Related Institutions		X	0
		7230	Beauty Salons		X	0
		7273	Dating and Escort Services		X	0
		7297	Massage Parlors		X	0
		7298	Health and Beauty Spas		X	0
		7631	Watch, Clock & Jewelry Repair		X	0
		7932	Billiard / Pool Establishments		X	0
		7995	Betting (Lottery, Off-Track, Race Track, etc.)		X	0
		9223	Bail and Bond Payment		X	0
		9401	I-Purchase Pilot		X	0
		9411	Government Loan Payments		X	0
		9701	Visa Credential Service		X	0
		9751	U.K. Supermarkets - Electronic Hot File (For regional use only)		X	0
		9752	U.K. Petrol Services - Electronic Hot File (For regional use only)		X	0
		9950	Intra-Company Purchases		X	0
			All other MCCs	X		\$50,000 or as defined *

PROCUREMENT CARD LOG

Month of _____

[illegible]

